

March 3, 2006

Dear Friend:

Last month it was uncovered that a company owned by the government of the United Arab Emirates (UAE), Dubai Ports (DP) World, was seeking to acquire the British company Peninsula & Oriental (P&O) Worldwide, which operates six major U.S. ports, including: New York/ New Jersey, Philadelphia, Baltimore, Miami, New Orleans, and Newark. The Bush Administration approved the DP World take over management of these six major ports.

The deal was approved by the Committee on Foreign Investment in the United States (CFIUS) on January 17, 2006. In approving this deal, CFIUS conducted little review and input from the affected communities, and most disturbingly, did not initiate a 45-day national security investigation despite the fact that the Department of Homeland Security (DHS) raised security concerns. Once the news of the impending completion of this deal came to light, Republicans and Democrats alike began insisting on further review. Soon thereafter, however, President Bush stated he would veto any legislation that would deny the port deal.

On February 26, 2006, DP World announced that it would voluntarily seek the 45-day investigation. Although I am pleased that DP World took this step, I remain concerned about the depth and seriousness of the investigation. That is why I recently cosponsored the Foreign Investment Security Improvement Act of 2006. This legislation, introduced by the Republican Chairman of the House Committee on Homeland Security, would ensure Congress' oversight role in the investigation of DP World's acquisition of P&O Worldwide.

The security of our ports is a critically important issue and though the pending deal between DP World and P&O Worldwide is an important piece, there are larger problems with the security of our ports that need to be addressed. U.S. seaports handle over 95% of our nation's foreign trade, worth more than \$1 trillion a year in foreign trade. A weapon of mass destruction detonated in a container at a seaport could cause tremendous numbers of casualties, and the estimated economic loss could reach \$1 trillion. Despite these staggering figures, more than 4 years after 9/11 only 6% of all containers entering our ports are screened and the 9/11 Commission gave the Administration and Congress a grade of "D" for checked bag and cargo screening, including cargo screening at ports.

Clearly more must be done to protect our ports, including a thorough investigation DP World's attempt to acquire P&O Worldwide. Our national security priorities are out of line, and I believe a logical component of our country's security is to better manage our seaports and create more rigorous standards to examine what enters our country. Until then, we are leaving America vulnerable to threats that could arrive by sea. I will continue to push for progress in this investigation, as well as to continue to push Congress to strengthen our port security.

Very Truly Yours,

Tom Udall  
Member of Congress